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SIPDIS

STATE FOR NEA, NEA/IPA, NEA/PPD

WHITE HOUSE FOR PRESS OFFICE, SIT ROOM
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HQ USAF FOR XOX
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USCINCCENT MACDILL AFB FL FOR POLAD/USIA ADVISOR
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JERUSALEM ALSO FOR ICD
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PARIS ALSO FOR POL
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E.O. 12958: N/A
TAGS: IS KMDR MEDIA REACTION REPORT
SUBJECT: ISRAEL MEDIA REACTION

SUBJECTS COVERED IN THIS REPORT:

11. Prime Minister Sharon's Health:

12. Mideast

Key stories in the media:

All media reported that PM Sharon is fighting for his life after suffering a significant stroke with massive bleeding in his brain last night. He was rushed from his Negev ranch to Jerusalem's Hadassah University Hospital, Ein Karem, where he has been undergoing surgery since midnight. The electronic media and the Israeli Internet news sites reported that at 9:30 a.m. (2:30 a.m. EST), Sharon was transferred to neurological intensive care following a second operation that succeeded in halting cerebral bleeding. The media said that Sharon's vital signs are stable. The media quoted hospital director Prof. Shlomo Mor-Yosef as saying earlier that Sharon's condition is serious. Ha'aretz cited Sharon's bureau as saying during the night that it "was hoping for a miracle." At 11:15 p.m. (4:15 p.m. EST) on Wednesday, Vice PM and Finance Minister Ehud Olmert assumed the functions of Acting PM. The media reported that politicians from all over Israel's political spectrum have expressed their hope that Sharon will recover. All media wrote that Sharon's condition threw his party, Kadima, in a state of uncertainty. This morning, Israel Radio quoted Likud Chair Knesset Member Binyamin Netanyahu as saying that the Likud has decided to postpone its decision to quit the government.

Leading media reported that President Bush was among the public figures from Israel and abroad who responded Wednesday night to the dramatic news. The media quoted Bush as saying in a written statement: "Laura and I share the concerns of the Israeli people about Prime Minister Ariel Sharon's health, and we are praying for his recovery." Bush added: "Prime Minister Sharon is a man of courage and peace. On behalf of all Americans, we send our best wishes and hopes to the prime minister and his family." Leading media reported that earlier, U.S. National Security Council Spokesman Frederick Jones said on behalf of the White House that "our thoughts and prayers are with the prime minister and his family." Jones also said Bush had been briefed on Sharon's condition "and we will continue to monitor the situation." The media quoted Secretary of State Condoleezza Rice as saying in a separate statement: "Our thoughts and prayers are with Prime Minister Sharon, his family, and the Israeli people. We wish the Prime Minister a full recovery." Israel Radio reported that U.S. envoys Elliott Abrams and David Welch have canceled their scheduled visit to Israel. The media reported that Japanese PM Junichiro Koizumi has canceled his visit to Israel and the PA. The media reported on various responses in the Arab world to the news from Israel. Israel Radio reported that senior PA officials are monitoring Sharon's condition with considerable interest.

Cyril Kern, a close South African friend of Sharon

whose name was mentioned in possibly shady financial affairs involving Sharon, was quoted as saying Wednesday in an interview with The Jerusalem Post that he rejects police declarations from a day earlier that money he had transferred to Sharon was provided by Austrian-Jewish businessman Martin Schlaff. Ha'aretz reported that Martin Schlaff's brother, James Schlaff, is considering not showing up in Israel to face more questions from National Fraud Squad investigators. Ha'aretz cited the assessment of police sources Wednesday that the investigation of a possible USD 3-million bribe to Sharon's family will take months to complete, and will not be completed before the elections.

All media reported that on Wednesday, armed Palestinian militants shot and killed two Egyptian security troops and wounded 30 after breaking through the Gaza border crossing. The Jerusalem Post reported that on Wednesday, Defense Minister Shaul Mofaz warned that Israel would be forced to shut down the Rafah border crossing if the PA failed to restore law and order.

The Jerusalem Post reported that on Wednesday morning, two Palestinians opted not to kidnap the U.S. couple Craig and Cindy Corrie from the home of pharmacist Samir Nasrallah in Rafah refugee camp upon learning that their daughter Rachel was killed in 2003 as she tried to stop an IDF bulldozer from razing Nasrallah's home.

All media reported that on Wednesday, Sharon rejected a proposal to pull out of the Israeli section of the village of Ghajar, which is split between Israel and Lebanon, in the wake of a Hizbullah attack on IDF forces some six weeks ago.

The media reported that a heavy barrage of Qassam rockets as fired on Wednesday afternoon from the Gaza Strip at the northern Negev.

Ha'aretz wrote that Peace Now reported on Wednesday on intensive construction activity, including the digging of new foundations, in the West Bank settlement of Modi'in Illit.

Ha'aretz reported that the Defense Ministry has terminated the lease with the Hebron Municipality that enabled the Palestinian merchants to work in the city's wholesale market. The meaning of the decision is that the merchants from the wholesale market will not be able to return to their shops even if the IDF evicts the settlers squatting there.

Leading media quoted Jordan's King Abdullah II as saying on Wednesday that Israel should not block Palestinians in East Jerusalem from voting in parliamentary elections scheduled for January 25. The media reported that the King issued his statement after talks with Palestinian leader Mahmoud Abbas.

Yediot reported that Russia's Auditing Chamber Chairman Sergey Stepashin announced on Wednesday that he will investigate the possible transfer to Hizbullah of weapons that Russia sold Syria. The Jerusalem Post reported that on Wednesday, Stepashin and his Israeli counterpart, State Comptroller Micha Lindenstraus, signed an agreement that could provide information on the source of the large sums of money that some immigrants from the Former Soviet Union have brought into Israel.

The Jerusalem Post reported that Turkish FM Abdullah Gul signed a joint declaration in Ramallah Wednesday regarding Turkey's role in revitalizing the Erez industrial zone along the Israel-Gaza border, and that he pledged USD 5 million toward rebuilding the area. The newspaper wrote that Gul is slated to sign a joint declaration with Israel today regarding the project in Jerusalem.

Maariv reported that India has recently hired former Mossad agents to help it fight terror.

Maariv reported that Spain's national airline Iberia has decided to stop flying Israeli weapons consignments to Latin America.

Maariv and The Jerusalem Post reported that Josef Bismuth, a Jewish member of the Tunisian Senate, arrived in Israel for a visit on Wednesday. The Jerusalem Post quoted Bismuth as saying that there are many signals that Tunisian-Israeli relations will improve "very soon."

Ha'aretz cited archives released this week by the state

-- ten years before the scheduled date -- according to which Levy Eshkol, who was Israel's PM in 1967, suggested at the time that Palestinian refugees be transferred to Iraq.

Yediot and Maariv reported on the new official U.S. Visa Information Web Service.

Maariv printed the results of a TNS/Teleseker Polling Institute survey conducted on Wednesday afternoon, before Sharon's hospitalization: Kadima under Shimon Peres's leadership would win 36 seats (as opposed to 41 under Sharon, in that same poll). In that scenario, the Labor Party wins 20 seats and the Likud wins 17.

I. Prime Minister Sharon's Health:

Summary:

Diplomatic correspondent Aluf Benn wrote on page one of independent, left-leaning Ha'aretz: "One can cautiously say that it appears that the era in which Sharon stood at Israel's helm came to a tragic end on Wednesday."

Senior columnist Nahum Barnea wrote on page one of mass-circulation, pluralist Yediot Aharonot: "The shadow that was cast last night on Sharon's candidacy diametrically changes Kadima's situation at the ballot boxes."

Editor-in-Chief Amnon Dankner wrote on page one of popular, pluralist Maariv: "True, there were many at various times who chose not to love Sharon, to levy stinging criticism on him from one side or another, but we always felt that Sharon was part of us, and reflects so much of our national character."

Block Quotes:

I. "The End of an Era"

Diplomatic correspondent Aluf Benn wrote on page one of independent, left-leaning Ha'aretz (January 5): "The hospitalization of Ariel Sharon, this time because of a cerebral hemorrhage, will make it difficult for him to return to his job even if he survives. Moreover he will have a hard time convincing the public of his ability to serve four more years, after undergoing two strokes in two and a half weeks. One can cautiously say that it appears that the era in which Sharon stood at Israel's helm came to a tragic end on Wednesday.... The deterioration of Sharon's health leaves Israel in a strange situation: Ehud Olmert is heading a transitional government on the eve of elections. The ruling party, Kadima, has no organizational structure, and it is not clear how a replacement for Sharon will be chosen. The race for prime minister, which until yesterday looked like Sharon's one-man show, is now open."

II. "A Heavy Shadow"

Senior columnist Nahum Barnea wrote on page one of mass-circulation, pluralist Yediot Aharonot (January 5): "Even if the Prime Minister emerges, miraculously, unscathed, his political situation will have changed.... The Kadima party, which was registered formally on Wednesday, was born as a one-man party. Sharon was the leader and the message. The shadow that was cast last night on Sharon's candidacy diametrically changes Kadima's situation at the ballot boxes. Even if Sharon continues to function, he is going to have to persuade the voters that his party is capable of leading the country in his absence. Ariel Sharon's deputy, Ehud Olmert, is a worthy candidate. At the upper tiers of Kadima there are other people who enjoy public recognition and are experienced in handling affairs of state, such as Tzipi Livni, Shimon Peres, Meir Sheetrit, Shaul Mofaz, Avi Dichter, and others. From today onward the public will examine them from a different perspective.... What can be said at this point [about Sharon's military and political career] is that very few of the country's leaders had the self-confidence, the nerves of steel and the courage that Sharon demonstrated in his two terms as prime minister. Throughout the length of his entire career, ever since he was a junior officer, he aspired to resemble the man he admired most, David Ben-Gurion. In the last number of years he came to resemble him more and more. Those who did not want Sharon as Menachem Begin's successor received him as Ben-Gurion's successor."

III. "The Country Crosses Its Fingers"

Editor-in-Chief Amnon Dankner wrote on page one of popular, pluralist Maariv (January 5): "True, there were many at various times who chose not to love Sharon, to levy stinging criticism on him from one side or another, but we always felt that Sharon was part of us, and reflects so much of our national character. In the eyes of many he managed to be a hero and a crook, admired and despised, loved and rejected. In the ups and downs of his career and the many turnabouts he made, he always left two trails behind him -- one of people cheering and the other of people booing, but both of these paled last night upon hearing the news of the serious stroke he suffered.... When a man who is one of the rocks of the earth, a part of the physical and emotional scenery, lies on his terrible and threatening sickbed, the stations of his life in which he did things that emphasized his impressive and awe inspiring qualities pass through the mind: the heroism and courage, the vision and daring, the ability to change and effect change, the quiet in the face of the storm and the composure under fire. And we are becoming aware that these qualities will be greatly lacking and hope that he will recover, because for better or worse, we want him here with us."

----- 12. Mideast: -----

Summary:

Settler leader Israel Harel wrote in independent, left-leaning Ha'aretz: "If Hamas gets into power ... it will perhaps be clear to everyone -- the United States, European Union, UN -- who is fighting against whom. And maybe, just maybe ... [Hamas] will be forced to change its ways."

Block Quotes:

"Maybe Hamas Is Preferable"

Settler leader Israel Harel wrote in independent, left-leaning Ha'aretz (January 5): "If unilateral steps are necessary because there's no chance of reaching an arrangement even with Fatah, then perhaps a Hamas victory in the elections is actually preferable. If Hamas gets into power, perhaps the self-delusion ... will stop, and it will be clear to everyone -- the United States, European Union, UN -- who is fighting against whom. And maybe, just maybe, when Hamas is forced to make decisions on a governmental level, and is required to feed, heal, and provide services to an entire population, it will be forced to change its ways. This organization, in particular, which proves day after day that it controls its people, and primarily those on the Palestinian street, does have a chance of imposing the rule of one central authority that will be responsible, in the eyes of Israel and the rest of the world, for what happens within its territory."

JONES